

Message Text

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ORIGIN SS-20

INFO OCT-01 EUR-25 EA-11 ISO-00 SPC-03 EB-11 COME-00

CIEP-02 TRSE-00 SCI-06 FEA-02 INT-08 IO-14 NEA-11

OMB-01 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SAM-01 SSO-00 NSCE-00

USIE-00 INRE-00 /155 R

DRAFTED BY T/IEP:THUBBARD

APPROVED BY T:WHDONALDSON

C:HSonnenfeldt

S/PC:WLord

EA:RSNEIDER (DRAFT)

T/IEP:AKATZ

EB:JKATZ

S/S:WHLUERS

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O 052354Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

INFO AMEMBASSY OTTAWA IMMEDIATE

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LUXEMBOURG

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY OSLO

C O N F I D E N T I A L STATE 024319

E.O. 11652: GDS

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TAGS: ENRG

SUBJECT: ENERGY: WASHINGTON ENERGY CONFERENCE - JAPANESE
APPROACH AND REPLIES

REF: A. STATE 019381; B. STAT* 021413

1. JAPANESE AMBASSADOR YASUKAWA CALLED ON UNDER SECRETARY DONALDSON FEB. 4 UNDER INSTRUCTIONS TO PROBE OUR THINKING AND STATE GOJ POSITION ON VARIOUS ASPECTS OF ENERGY CONFERENCE. COUNSELLOR SONNENFELDT, S/PC DIRECTOR LORD, AND DEP. ASST. SEC. FOR EA SNEIDER ALSO SAT IN ON MEETING.

2. YASUKAWA BEGAN BY STATING THAT GOJ IS IN BASIC AGREE-
MENT WITH OUR VIEWS OF CONFERENCE AS STATED IN REFTELS.
IN GOJ VIEW, FIRST AND MOST IMPORTANT TASK FOR CONFERENCE IS
TO FORM CONSENSUS ON GENERAL ECONOMIC AND ENERGY
SITUATION AND ON POLITICAL, MONETARY AND OTHER IMPLICATIONS.
DONALDSON AGREED THAT THERE SHOULD BE GENERAL CONSENSUS
ON NATURE OF PROBLEM AT FIRST STAGE OF CONFERENCE. IN
RESPONSE TO YASUKAWA'S QUERY, DONALDSON SAID WE WOULD
DISTRIBUTE NO LATER THAN AT PREPCOM MEETING TO THE OTHER
PARTICIPANTS PAPERS STATING OUR VIEW OF ENERGY SITUATION
AND ITS IMPLICATIONS FOR INTERNATIONAL SITUATION.

3. YASUKAWA SAID THAT JAPAN DOES NOT NECESSARILY
DISAGREE WITH OUR PROPOSAL TO SET UP CONFERENCE WORKING
GROUPS BUT THAT GOJ WOULD PREFER TO PLACE EMPHASIS
ON PLENARY SESSION RATHER THAN WORKING GROUPS, SINCE ALL
ASPECTS OF PROBLEM ARE INTERRELATED. DONALDSON POINTED
OUT THAT THERE ARE A NUMBER OF SENSITIVE ISSUES WHICH
COULD LEAD TO ATMOSPHERE SURROUNDING THE CONFERENCE OF
SEEMING CONFRONTATION WITH PRODUCERS IF HANDLED BADLY.
WHEN WE SET UP AGENDA, WE SPECIFICALLY OMITTED ITEMS
ON PRICE, CONSUMER-PRODUCER RELATIONS AND INVOLVEMENT OF
LDC'S NOT BECAUSE WE DO NOT WISH TO DISCUSS THESE ISSUES
BUT BECAUSE WE FELT THAT PLENARY, WHICH WILL
NECESSARILY BE LARGE AND THEREFORE MORE PRONE TO PRESS
LEAKS, SHOULD NOT FOCUS ON THESE SENSITIVE ASPECTS.
PROCEDURE WE HAVE PROPOSED WILL ALLOW THESE ISSUES TO
BE DISCUSSED PRIVATELY IN FOREIGN MINISTERS' WORKING
GROUP. WE DO NOT ENVISAGE GETTING INTO SUBSTANTIVE
GOVERNMENT POSITIONS OR MAKING CONCRETE DECISIONS IN
WORKING GROUPS OTHER THAN FOREIGN MINISTERS. TASK OF
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OTHER GROUPS WOULD BE TO DEVELOP FRAMES OF REFERENCE.

4. DONALDSON WENT ON TO SAY THAT WE ENVISAGE WORKING
GROUPS AS MERELY BEGINNING OF DEVELOPMENT OF
INTERNATIONAL TASK FORCE WHICH WE HOPE WILL EMERGE AS
CONSENSUS OF CONFERENCE. ROLE OF TASK FORCE WOULD BE
TO STUDY PROBLEM AND MAKE SPECIFIC RECOMMENDATIONS IN
VARIOUS AREAS TO A SUBSEQUENT MEETING OF FOREIGN

MINISTERS. IF FOREIGN MINISTERS DECIDE THAT PRICE, INVOLVEMENT OF LDC'S AND LATER MEETING WITH PRODUCERS ARE LEGITIMATE SUBJECTS FOR STUDY BY TASK FORCE, WE HOPE THAT TASK FORCE WILL BE CHARGED WITH THIS RESPONSIBILITY.

5. REITERATING THAT JAPAN IS NOT NECESSARILY OPPOSED TO FORMATION OF WORKING GROUPS, YASUKAWA ASKED IF WE WOULD LEAVE IT UP TO ALL DELEGATIONS TO CONFERENCE TO DECIDE THIS QUESTION. DONALDSON AND YASUKAWA AGREED THAT THIS QUESTION MIGHT BEST BE DECIDED AT PREPCOM. SONNENFELDT ADDED THAT WE STRONGLY BELIEVE THAT THERE SHOULD BE WORKING GROUPS, NOTING THAT THIS IS WHY WE HAVE SELECTED SUCH A SENIOR DELEGATION. LORD EMPHASIZED THAT WORKING GROUPS MEETING SIMULTANEOUSLY WOULD ALLOW THE MOST EFFICIENT USE OF TIME AND RESOURCES.

6. YASUKAWA STATED THAT GOJ HAS NO BASIC DIFFERENCES WITH OUR PROPOSED AGENDA. WITH REGARD TO EMERGENCY ALLOCATION, HE ASKED IF WE INTENDED TO FOCUS ON EMERGENCY SITUATIONS OR WHETHER WE WOULD WISH TO DISCUSS ALLOCATIONS DURING A FUTURE PERIOD OF CHRONIC SHORTAGE. HE INDICATED THAT GOJ APPEARS NEGATIVE TOWARD DISCUSSING SHARING IN LATTER SITUATION. DONALDSON RESPONDED THAT WE VIEW THIS CONFERENCE AS PART OF BUILDING BLOCK APPROACH IF CONFERENCE LEADS TO AGREEMENT ON EMERGENCY SHARING, THEN WE CAN BEGIN TO THINK ABOUT QUESTION OF SHARING IN PERIODS OF CHRONIC SHORTAGE.

7. TURNING TO QUESTION OF DIRECT BILATERAL DEALS, YASUKAWA REITERATED THAT PRESS REPORTS INDICATING THAT JAPAN IS IN PROCESS OF CONCLUDING DIRECT DEAL FOR OIL WITH SAUDIS ARE UNFOUNDED. HE ADDED, HOWEVER, THAT GOJ DOES NOT RULE OUT POSSIBILITY OF DIRECT DEALS, CONFIDENTIAL

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IN FUTURE WITH SAUDI ARABIA OR OTHER COUNTRY. THERE IS CONSENSUS IN JAPAN THAT INTERNATIONAL COOPERATION IS MOST IMPORTANT BUT THAT BILATERAL DEALS SHOULD NOT BE RULED OUT. DONALDSON SAID THAT ISSUE OF BILATERAL DEALS SHOULD BE DISCUSSED WITHIN FRAMEWORK OF NOT NECESSARILY ELIMINATING ALL BILATERAL DEALS. WE CONSIDER UNFETTERED BILATERALISM TO BE UNWORKABLE AND BELIEVE WE SHOULD FOCUS ON THE EXTENT OF THIS ISSUE AND WORK TOWARD AGREEMENT ON A CODE OF CONDUCT WHICH WILL MAKE SITUATION MANAGEABLE FOR US ALL. IN RESPONSE TO YASUKAWA'S QUESTIONING, DONALDSON STATED THAT ROLE OF INTERNATIONAL COMPANIES IS ALSO SUBJECT WHICH WILL BE DISCUSSED AT CONFERENCE. SONNENFELDT POINTED OUT THAT BILATERAL APPROACH WILL MAKE PRICE PROBLEM WORSE. THIS PROBLEM CAN BE DEALT WITH SUCCESSFULLY ONLY

THROUGH A MULTILATERAL APPROACH. LORD POINTED OUT THAT UNRESTRAINED BILATERALISM WILL ALSO HAVE RAMIFICATIONS IN POLITICAL FIELD. SOME NATIONS, FOR EXAMPLE, MAY PROVIDE ARMS TO ARABS AS BEST MEANS OF OBTAINING OIL.

9. YASUKAWA EXPRESSED SOME CONCERN OVER POSSIBLE AGREEMENT ON GENERAL STANDARDS OF ENERGY CONSERVATION, POINTING OUT THAT DIFFERENT COUNTRIES MUST CHOOSE DIFFERENT MEANS OF RESTRAINING DEMAND. DONALDSON SAID THAT WE FEEL STRONGLY THAT TOP PRIORITY IN DEALING WITH ENERGY PROBLEM IS TO EFFECT A REDUCTION OF DEMAND. WHAT WE ARE SEEKING AT CONFERENCE IS POLITICAL RESOLVE THAT THERE MUST BE INTERNATIONAL EFFORT TO CONSERVE ENERGY. WE RECOGNIZE DIFFERING SITUATIONS IN EACH NATION BUT HOPE THAT TASK FORCE WILL BE COMMISSIONED TO EXPLORE POSSIBILITY OF GENERAL INTERNATIONAL STANDARDS.

10. YASUKAWA ASKED IF WE ENVISAGE ANOTHER FOREIGN MINISTER'S CONFERENCE PRIOR TO MEETING WITH PRODUCERS. DONALDSON RESPONDED THAT WE HAVE NO SPECIFIC IDEAS ON DISCUSSIONS WITH PRODUCERS AND WOULD WELCOME VIEWS OF OTHERS ON THIS QUESTION. CONFERENCE SHOULD SET TIME TABLE FOR LATER FOREIGN MINISTER'S CONFERENCE TO RECEIVE INTERNATIONAL TASK FORCE REPORT. ON TASK FORCE TERMS OF REFERENCE, YASUKAWA INDICATED CONCERN THAT IF SUCH QUESTIONS AS PRICES, ALLOCATION AND UTILIZATION

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OF SURPLUS ARAB MONEY ARE TAKEN UP BY TASK FORCE, PRODUCERS WILL FEEL THAT WE ARE GANGING UP ON THEM. DONALDSON SAID THAT TERMS OF REFERENCE IN THESE AREAS ARE FOR FOREIGN MINISTERS TO DETERMINE. IF

WE ARE CORRECT IN OUR ANALYSIS
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